

§ 1655.1

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AUTHORITY: 5 U.S.C. 8433(g) and 8474.

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§ 1655.1 Definitions.

Account or *Individual Account* means the account established for a participant in the Thrift Savings Plan under 5 U.S.C. 8439(a).

Agency means the entity employing a participant with an account in the Thrift Savings Plan.

Amortization means the reduction in a loan by periodic payments of principal and interest according to a schedule of payments.

Board means the Federal Retirement Thrift Investment Board.

C Fund means the Common Stock Index Investment Fund established under 5 U.S.C. 8438(b)(1)(C).

CSRS means the Civil Service Retirement System established by subchapter III of chapter 83 of title 5, United States Code or any equivalent retirement system.

Date of Application means the date on which the recordkeeper receives the loan application.

Days means calendar days except when otherwise stated.

Employee Contributions means any contributions made under 5 U.S.C. 8432(a), 5 U.S.C. 8351(a), 5 U.S.C. 8440a or the second 5 U.S.C. 8440a.

FERS means the Federal Employees' Retirement System established by chapter 84 of Title 5, United States Code or any equivalent retirement system.

F Fund means the Fixed Income Investment Fund established under 5 U.S.C. 8438(b)(1)(B).

G Fund means the Government Securities Investment Fund established under 5 U.S.C. 8438(b)(1)(A).

G Fund Rate means the interest rate computed under 5 U.S.C. 8438(f)(2).

Interim Account Balance means the unvalued account balance of a participant's account on the last business day of the month.

Loan Issue Date means the date on which the recordkeeper authorizes a check for the loan principal amount to be issued.

Loan Process Date means the date the loan application is processed by the recordkeeper. This is the date that is printed on the Loan Agreement/Promissory Note.

Loan Repayment Period means the number of scheduled payments required to repay a loan in full.

Monthly Processing Cycle means the process, beginning on the evening of the fourth business day of the month, by which the recordkeeper allocates the amount of earnings to be credited to participant accounts in the Plan and authorizes disbursements from the Plan.

Participant means a person with an individual account in the Thrift Savings Fund.

Principal or *Principal Amount* means the amount borrowed by a participant from his or her individual account, or, after reamortization, the amount financed.

Recordkeeper means the organization designated by the Board as the Thrift Savings Plan's recordkeeper.

Required Reamortization means the mandatory recalculation of periodic payments of principal and interest, made to reduce a loan, at the demand of the Plan.

Taxable Distribution means the reporting to the Internal Revenue Service as taxable income the amount of outstanding principal and interest on a loan upon failure by the participant to repay the loan in full according to the terms of the Loan Agreement/Promissory Note.

Thrift Savings Fund or *Fund* means the Fund described in 5 U.S.C. 8437.

Thrift Savings Plan or *Plan* means the Federal Retirement Thrift Savings Plan established under subchapter III of the Federal Employees' Retirement System Act of 1986, 5 U.S.C. 8431, *et seq.*

Valuation Date means the date as of which earnings are allocated to individual accounts. For any month, this date is the last day of the month.

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Vested Account Balance means that portion of the individual account which is not subject to forfeiture under 5 U.S.C. 8432(g).

Voluntary Reamortization means the recalculation of periodic payments of principal and interest, made to reduce a loan, at the request of a participant.

[55 FR 979, Jan. 10, 1990, as amended at 61 FR 58755, Nov. 18, 1996]

§ 1655.2 Eligibility for loans.

Only a participant who is in pay status with his or her agency and who has at least \$1,000 in employee contributions and attributable earnings in his or her account may receive a loan, subject to the other terms and conditions set forth in this part. A participant who is separated from Government service may not receive a loan. Persons who are eligible to contribute to the Thrift Savings Plan under 5 CFR part 1620 are also eligible to apply for a loan.

[55 FR 979, Jan. 10, 1990, as amended at 61 FR 58755, Nov. 18, 1996]

§ 1655.3 Information concerning the cost of the loan.

Before a loan is issued, the recordkeeper will provide the participant written information concerning the cost of the loan relative to other sources of financing, as well as the lifetime cost of the loan, including the difference in earnings rates between the funds offered by the Thrift Savings Fund and any other effect of the loan on the participant's final account balance.

[61 FR 58755, Nov. 18, 1996]

§ 1655.4 Number of loans.

A participant may have no more than two loans outstanding at any time. Only one of the two loans may be a loan for the purchase of a primary residence.

[61 FR 58755, Nov. 18, 1996]

§ 1655.5 Loan repayment period.

(a) *Minimum.* The minimum loan repayment period of any loan is one year of scheduled payments.

(b) *Maximum.* The maximum loan repayment period of a loan for the pur-

chase of a primary residence is 15 years of scheduled payments. The maximum loan repayment period of any other loan is 4 years of scheduled payments.

§ 1655.6 Amount of loan.

(a) *Minimum amount.* The initial principal amount of any loan may not be less than \$1,000.

(b) *Maximum amount.* The principal amount of a new or reamortized loan, when added to any outstanding loan principal, may not exceed any of the following:

(1) The portion of the participant's individual account balance that is attributable to employee contributions and earnings (including any outstanding loan principal).

(2) \$50,000 minus the excess of the highest outstanding loan principal of the participant during the preceding year over the current outstanding loan principal.

(3) The greater of ½ of the participant's vested account balance (including any outstanding loan principal), or \$10,000.

(c) Subject to the requirement of paragraph (a), a participant may request a loan for the maximum allowable amount as calculated in paragraph (b).

§ 1655.7 Interest rate.

(a) Except as provided in paragraph (b) of this section, loans will bear interest at the G Fund rate in effect on the date the application is received by the recordkeeper (date of application). The interest rate per payment is calculated by dividing this G Fund rate by the number of loan payments/pay periods scheduled in a period of 12 consecutive months.

(b) If the date of application occurs before the G Fund rate has been determined for that month, the loan will bear interest at the G Fund rate in effect during the month preceding the date of application.

(c) The interest rate calculated under this section remains fixed until the loan is repaid.

§ 1655.8 Quarterly loan statements.

Each participant with an outstanding loan or loans will receive quarterly loan statements that will describe the